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## CENTRAL INTELLIGENCE AGENCY

OFFICE OF NATIONAL ESTIMATES

TS#102236-a

4 August 1955

STAFF MEMORANDUM NO. 45-55 (Revised)

SUBJECT: Yugoslavia's International Position

1. In connection with the pending NSC Planning Board review of the NSC policy paper on Yugoslavia, we have reviewed our recent Yugoslav estimate, NIE 31/1-55, 19 May 1955. Although we noted then that the currently unresolved state of Tito's relations with both East and West made it impossible to chart future Yugoslav foreign policy with any certainty, we estimated that Yugoslavia would not return to the Bloc at least so long as Tito remained in power. We warned, however, that it would probably continue to take advantage of opportunities to develop more friendly relations with the Bloc. Developments since publication of this estimate have generally tended to reinforce its analysis, although subsequent events indicate that Yugoslavia may accept closer relations with the Bloc than we had previously anticipated.

2. The "normalization" of relations with the Sino-Soviet Bloc has proceeded apace. Yugoslav hopes for an eventual relaxation of Soviet controls over the satellites--thus permitting the extension of Yugoslav influence within the Bloc--have continued to grow. Resumption of some form of contact between the Yugoslav and Soviet Communist parties appears to be developing. Nevertheless, the evidence from the Belgrade conference with the Soviets indicated that the Yugoslavs were intent on having their equal status accepted by the USSR. And while Tito's relations with the West have been marked by continuing opposition to acceptance of new commitments, by further efforts to de-emphasize the military aspects of the Balkan Alliance, and by new outbursts of temper and bad manners over administration of US aid, he has made efforts to prevent an open break with the West and, we believe, would think twice before sacrificing Western aid--particularly economic aid. At least in

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the short run, we believe Tito will be restrained by a desire to avoid compromising his independence until the future pattern of East-West relationships becomes clearer, by his recognition of the value of Western friendship and aid at the present juncture, and by his sense of what the traffic will bear.

3. However, such recent developments as the Summit Conference have strengthened the Tito regime's belief that the threat of Soviet aggression has at least temporarily declined, that some form of "peaceful coexistence" is now possible, and that there is consequently no need for rapid progress in developing defenses against the USSR. These views will probably exercise an increasingly important influence on Yugoslav foreign policy if present trends in East-West relations continue. Under such circumstances, Tito's interest in maintaining his Western military ties and even his own military strength is already tending to decline. At the same time, his willingness to enter into additional forms of association with the other Communist states, as through some form of party-to-party relationship, appears to be increasing.

4. Over the longer run, moreover, should the trend toward reduced tensions continue, Tito may come to believe that a re-alignment with the Bloc is possible without compromising the basic security interests of his regime. He may become convinced that the new collective leadership is indeed different from that which condemned his 1948 "heresy" and will accept him back in the fold as an equal rather than a satellite. Should Soviet policy toward the Satellites become much less rigorous, it might reinforce any Yugoslav leanings in this direction. Under these circumstances Tito's security preoccupations might decrease and ideological ties come more to the fore. However, we continue to believe that the Tito regime would not accept any alignment with the Bloc which appeared to them to endanger their independence.

5. The extent to which US-Yugoslav difficulties over aid questions can be worked out to Tito's satisfaction may influence his course respecting the Bloc. We felt at the time NIE 31/1-55 was written that any effort to press for an early showdown with Tito on aid and military commitments would be unwise, since it might convince Tito that the US was blindly pursuing military objectives and might therefore make him more amenable to Soviet lures. There is still some chance that a modus vivendi on the military aid question might be worked out, since the present difficulties can probably be attributed in some degree to characteristic Yugoslav bad manners,

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personality differences, and a Yugoslav desire to drive a hard bargain. (The talk of building MIG's in Yugoslavia is probably such a bargaining tactic.) Nevertheless, US bargaining strength vis-a-vis Yugoslavia has been weakened by Tito's decreased fears of Soviet aggression. The Yugoslavs are not only unwilling to make additional commitments to insure continuing military aid but also, because of their lessened fear of war and their belief that the West would feel compelled to come to their aid if war broke out, may be willing to give up military aid entirely rather than comply with US surveillance requirements. While their need for continued economic aid is considerably more pressing, we continue to believe that Yugoslavia could probably not be pushed into moves toward increased Western defense ties even by the threatened loss of economic aid. Indeed, if the US should cut off or seriously curtail economic aid, the Tito regime would probably be willing to accept urgently needed economic assistance from the Soviet orbit (such as wheat this year) if offered without too many strings.

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